FOREIGN POLICY bulletin

AN ANALYSIS OF CURRENT INTERNATIONAL EVENTS

VOLUME 38 NUMBER 18

The Arab Countries and Oil

by Charles P. Arnot

CAIRO—There is an old Middle East saying that on a long trip Arab caravans never travel very far the first day.

After several false starts, nine Arab states and sheikdoms finally have embarked on what promises to be a long and difficult journey in the general direction of a greater voice in the future of their own vast oil wealth.

The first Arab oil congress held in Cairo on April 16-23 brought together for the first time the international oil industry's most important landlords and officials of the Western oil companies, which last year shared some $2.5 billion with their Middle Eastern host governments on roughly a 50-50 profits split.

Few headlines came out of the six days of oratory, technical seminars and tours through $6 million worth of exhibits displayed by 36 oil producing and equipment companies. No voices were raised (as some had feared) in emotional demands for nationalization, or internationalization, of the Middle East's oil riches — two-thirds of the world's proved reserves. No new profit-sharing formulas emerged. No binding resolutions were passed. There was no mention of the U.S.S.R., the Iron Curtain or the cold war. With Iraq, Bahrein, Tunisia and Jordan absent for political—or other—reasons, the sponsoring Arab League was not able to muster a full caravan. Every specific Arab proposal and project found the host governments themselves divided—if not in principle, at least on details.

From their practical achievements, it could be said that the Arabs did not travel very far in this first oil congress, although the Egyptian press, never guilty of understatement, proclaimed that the mere holding of such a conference represented a great Arab victory.

The Arabs, who only 50 years ago existed on an oasis economy, were visibly impressed that busy Western company presidents and officials had traveled thousands of miles to share common oil problems and technical knowledge—and, more important, to meet them face-to-face as equals. The conference chamber, exhibit halls and hotel lobbies radiated what one Arab delegate called "a strangely genuine camaraderie." Both sides—landlords and companies—adjourned with what almost seemed to be a mellow glow of achievement—for different reasons.

For the Arabs and their Iranian neighbors (who came as guest observers), the congress

JUNE 1, 1959

FOREIGN POLICY ASSOCIATION INCORPORATED
345 EAST 46TH STREET • NEW YORK 17, NEW YORK

marked the beginning of an obvious trend toward greater landlord participation in the development of Middle Eastern oil—not only in dollar income. The 350-word closing statement led off with a declaration of Arab intention—sooner or later—to participate in the managerial and technical, as well as the financial, development of their oil resources.

Like the conference as a whole, the final statement struck a note of moderation and restraint. Yet there was an unmistakable warning in one clause urging the producing companies not to introduce major price changes without first consulting the governments concerned. For the American companies such consultation might involve violation of United States laws.

It is a common Arab aspiration to share eventually in the management of production and the movement of Middle East oil all the way from the oil well to the consumer's gasoline tank. Today's contracts—mostly running into the next century—provide generally for a 50-50 profits split only as far as the landlord's frontiers.

The oil world now abounds in precedents for a bigger host-government rake-off. In Venezuela, which sent a 14-man "observer" group to Cairo, new tax rates have raised the landlord's profit share to about 60 percent. In their drive to get concessions, the Japanese, Italians and certain American independent companies have offered to go well beyond the so-called 50-50 "standard."

Sheik Abdullah Tariki, Saudi Arabia's astute director of the Petroleum and Mineral Department, who has had experience with United States oil production, has indicated vaguely that his company will follow the Venezuelan example. However, the current world oil surplus, which creates a buyer's market, seems to have chilled much of the earlier enthusiasm for such deals as those offered by the Japanese and others. Some experts claim that even if the Japanese find oil in their new Persian Gulf concessions in the next year, it would take another three to four years before their offshore partners, the Saudi Arabians and Kuwaitis, would collect a nickel of profit.

Saudi Arabia Not Successful

The only real threatening noises of the entire Cairo conference came from the Texas-educated 40-year-old Tariki and his Saudi entourage. New York lawyer Frank Hendryx, legal adviser to the Saudi Arabians, threw the conference into a brief flurry by declaring that any government had a legal right (and even a moral duty) to modify oil concessions unilaterally if such action was "clearly in the interests and welfare of its citizens." He cited cases in the United States, French and British courts as precedent for what the conference later termed the "Hendryx Doctrine."

Western company officials and Arab delegations raised a chorus of protest. The Libyan and Lebanese delegates insisted that governments must recognize the sanctity of contracts if only to encourage foreign capital investment. Saudi delegates later admitted privately that Hendryx's remarks were intended for the Arabian-American Oil Company (Aramco), one of the Middle East's eight major producing companies.

The Saudi Arabians and Aramco are deadlocked in negotiations over Saudi demands for the return of undeveloped concession areas. Aramco has countered with a conditional "package deal." Tariki later told newsmen, "We took this stand to show that we still have some sovereign rights if the negotiations fail." Tariki's immediate campaign for a greater share of oil transportation income centers around a proposed Arab-owned 40-inch pipeline to connect the Persian Gulf and the Mediterranean, crossing Iraq, Kuwait, Saudi Arabia, Syria and Lebanon. It would cover 1,250 miles (the longest pipeline in the Middle East) and cost an estimated $392 million.

Without settling such major points as financing or how the user states will share the profit and cost, the Arab delegations declared in their final statement that they considered the Tariki project "important." The Arab consensus is that such a pipeline probably will be the first all-Arab oil project, even before other proposals such as an all-Arab tanker fleet and an oil-financed Arab development program.

However, Iraq's current political isolation from the other Arab countries and Baghdad's increasingly close ties with the Communist bloc prevent any collective Arab action. Iraq, the Middle East's fourth largest oil producer, refused to send any delegation to the capital of its leading Arab adversary, United Arab Republic President Gamal Abdel Nasser.

The five-year-old "dream project"

Published twice a month by the FOREIGN POLICY ASSOCIATION, INC., 345 East 46th Street, New York 17, N.Y., U.S.A. EDITORIAL ADVISORY COMMITTEE: JOHN S. BADEAU • BENJAMIN J. BUTTENWIESER • JANE PERRY CLARK CAREY • BROOKS EMENY • WILLIAM P. GRAY • AUGUST HECKSCHER • HAROLD F. LINDER • MARGARET PARTON • STEPHEN H. STACKPOLE. • *President,* JOHN W. NASON • *Editor,* VERA MICHELES DEAN • *Washington Contributor,* NEAL STANFORD • *Assistant Editor,* GWEN CROWE. • *The Foreign Policy Association contributes to the public understanding by presenting a cross-section of views on world affairs. The Association as an organization takes no position on international issues. Any opinions expressed in its publications are those of the authors.* • Subscription Rates: $4.00 a year; single copies 20 cents. RE-ENTERED AS SECOND-CLASS MATTER SEPTEMBER 26, 1951 AT THE POST OFFICE AT NEW YORK, N.Y., UNDER THE ACT OF MARCH 3, 1879. Please allow one month for change of address. Contents of this BULLETIN may be reproduced with credit to the Foreign Policy Association.
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of Lebanese businessman Emile Bustani also received polite but indecisive Arab handling. Bustani's plan for devoting 5 percent of annual oil profits (about $190 million) to an Arab development bank for raising the standard of living was referred to the Arab League, which has been struggling with similar proposals for years.

Algerian and Venezuelan spokesmen found the Cairo congress a convenient rostrum for their own campaigns. A representative of the Algerian Provisional Government in Cairo publicly warned that any company making an agreement with France for Saharan oil would be committing what he called "unforgettable aggression" against the Algerian people.

As guest observers, the Venezuelans spoke more softly and with less impact. Faced with production costs three times as high as those in the Middle East, new United States import quotas, price cuts and a world oil surplus, the Venezuelans have been pressing for a system of world-wide allocations of oil markets among the producing countries. Tariki and delegates from the United Arab Republic joined the Venezuelan emissaries in promoting a proposed system of production controls to stabilize prices. But their initial soundings during the Congress found a chilly response among the representatives of Kuwait, the biggest Middle East oil producers, and outright frigid reaction from the Iranians, who rank third.

The new generation of Arab oil experts, such as Sheik Tariki, know they are in a race against time to make their "black gold" pay off before atomic energy, in another 40 to 50 years, replaces oil as the world's number one fuel. They are also facing such immediate problems as the world oil glut, which is expected to increase, a production race among all the Arab states (the world demand is expected to increase only 7 percent a year over the next decade), a recent 18-cents-a-barrel price slash and a political split ruling out any common Arab oil policy, at least in the immediate future.

The Cairo Congress demonstrated to the Western oil companies that around the conference table the Arabs are not always as emotion-charged and irresponsible as they are quoted to be—largely for home consumption—in their own newspapers. Said Jack Butler of Aramco, "It was a good conference because politics were kept out. Many problems were constructively discussed. This will encourage the oil companies to return next year."

The big Western companies know that their enormous—and very costly—range of markets and distribution facilities constitute real power in any bargaining match with any Middle Eastern government which might threaten to follow Iran's 1951 nationalization example.

They also know that such Western-educated experts as Tariki have tremendous popular support when they talk of "partnership" and "integrated operations" down to the gas pump. The majority of companies know that not only to keep Middle Eastern oil flowing to Western markets but also to keep the Russians and Red Chinese out, they at least must have political stability around their oil fields, if not undying Arab friendship. This, eventually, means that there must be Arabs on boards of directors and in the active management of the oil companies. Declared one Western oil executive, "It will come by fiat unless the companies are smart enough to prepare for it themselves—and they damn well better be."

As for the Arabs, at this point, most of them seem to agree on what they want from their rich oil reserves—but can't agree on how to go about getting it. For those Arabs who might lose patience, the Cairo newspaper *Watani* held out this hope, "Better results are certainly to be expected from the second Arab oil congress next year."

The Arab caravan always travels further tomorrow.

Charles P. Arnot, Middle East correspondent for the American Broadcasting Company and a correspondent for NANA, has lived in the Middle East for four years and knows Arabic.

FOREIGN POLICY SPOTLIGHT

Big Four, Germany and United Nations

As the themes of the Big Four foreign ministers' conference at Geneva and the anticipated 1959 summit meeting begin to unfold, it becomes increasingly clear that two main approaches might be taken to the issues at stake. The conferees could either start from the inner to the outer rim by first trying to settle the Berlin problem, then move on to disunited Germany, European security and finally to the role the United Nations might play in a European settlement. Or they could start from the outer rim toward the Berlin epicenter, by viewing the world from the vantage point of the UN forum, then the problem of European security, then the possibility of German unification and finally the future of Berlin.

True, the Western nations, at their

Paris meeting of April 29 agreed on a "package" proposal for discussion with the U.S.S.R., which, in turn, readied a package of its own at its Warsaw meeting on April 27 with the countries of Eastern Europe, which included a representative of Communist China. Reports from Paris, however, indicated that substantial differences in views remained between the United States, Britain, France and Germany about the character of negotiations with Moscow. In any case, no matter how tightly framed the package on either side at the start, sooner or later the component parts will have to be discussed, and the order of priorities in dealing with them will have to be negotiated.

Whichever point of departure is taken, it is difficult to escape the conclusion that the central issue of any discussion about the future of Europe is the future of Germany. This is understandable and unavoidable. For, irrespective of any other considerations, the German people are located geographically at the center of the European continent. Moreover, the German people are exceptionally vigorous, industrious, and endowed with outstanding capacity for the development and application of modern technology.

Once the 25 disparate German states and Alsace-Lorraine had been united into a single nation by Bismarck in 1871 — 46 years before Lenin came to power in Russia—it was to be expected that this nation would play a dominant role in Europe. The only question was whether it would play this role by peaceful means, or by resort to force. It would be historically incorrect to assert that the Germans alone were responsible for World War I, or that their acceptance of Hitler's leadership was due solely to military aspirations. The fact remains, however, that the Germans, in the 20th century, chose to use force to achieve aims on the continent which they might well have attained peacefully by their economic successes.

Germany: Threefold Question

The basic question in Europe today is threefold. First, would a reunited Germany, with a total population of over 71 million, and a vastly expanded industry rebuilt in part with the aid of the United States, once more become a danger to the stability of Europe?—or would the Germans be a greater danger if left disunited, and thus imbued with a feeling of frustration that might ultimately provoke a new nationalist explosion under a new Hitler? Second, whatever the possible risks of a reunited Germany, or a Germany left divided, as at present, are these risks preferable to the possibility that failure to keep Germany strong and satisfied might open the way to domination of the Continent by the U.S.S.R.? And, third, if the aspirations of the Germans are fulfilled, and the U.S.S.R., by one method or another, is persuaded to accept the settlement desired by the West, what guarantees can be given to Europe that a reunited powerful Germany, no longer fearful of Russia, would eschew domination of the Continent to the detriment of its neighbors?

Answers to this threefold question understandably depend on the point of view of the various nations involved. The United States, which has not experienced German conquest and destruction, regards West Germany as a bastion against the U.S.S.R. and communism. It favors reunification of the two Germanys, with the opportunity for the reunited state to choose membership in NATO. Britain, which not only suffered from German air raids in World War II and for more than a year alone stood off Hitler in the West, but now also fears Bonn's competition in world markets, understands Moscow's concern about the resurgence of the German nation, as indicated by statements of Harold Macmillan and Winston Churchill; is not enthusiastic about German reunification; and thinks in terms of some kind of military thinning out or disengagement in Central Europe. France, apparently because of its fear that failure to reunite the Germans might lead to a new wave of nationalism, agrees with West Germany on a rigid position toward Russia, but has proposed acceptance by the Germans, once unification has been achieved, of the present Oder-Neisse frontier between Poland and Germany, not officially sanctioned by a peace treaty, which has enabled the Poles to occupy formerly German territories.

On the other side of the Iron Curtain, the U.S.S.R., which is estimated to have lost in World War II between 20 million and 30 million people, military and civilian, and suffered severe destruction of its resources as a result of German actions, opposes reunification of the Germans unless the reunited state remains outside the NATO alliance and is neutralized. Moscow's position on Germany's future is supported by Czechoslovakia, which has not forgotten Hitler's demand for Sudetenland and the West's surrender on this issue at Munich in 1938; and by Poland, which suffered a loss of over 6 million lives as a result of the German invasion, and now fears loss of the Oder-Neisse territories.

Americans have found it difficult to understand the reluctance of the Communist nations to accept a reunited, rearmed Germany which might become a member of NATO, backed with the industrial and military might of the United States.

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Spain: An Experiment in U.S. Aid

by Mildred Adams

Mildred Adams, author and journalist, staff correspondent for *The Economist* of London, has made special studies of Spain. Her latest trip was in October 1958 when she went to look at the Spanish economy in the light of American spending in that country.

In February Cyrus Sulzberger, *The New York Times* commentator, visited Spain and sent his newspaper columns which included these two sentences: "We poured about a billion and a half dollars into this busted nation, creating valuable military facilities, beginning the task of modernizing Spanish forces, but without dramatic effect upon the economic structure and none upon the political structure. Despite these huge injections, the economy continues to limp."

Like many generalized judgments, Mr. Sulzberger's statement requires a certain amount of background and some supporting detail. It is certainly true that the Spanish economy continues to limp, but this is hardly a new condition. There is every reason to believe that at the present time limping is the best it can do. It was flat on its back when the United States decided eight years ago to build bases in Spain. That now, in this reporter's view, Spain's economy seems to be up on its feet and moving, however feebly, implies a triumph of foreign aid over decay and inertia which deserves more study than it has hitherto received.

Will the Spanish economy ever walk upright and unsupported? How will this miracle be accomplished?; when, how and at what level? What are the United States' obligations and what are the advantages to the United States?—these are the questions which concern us here.

To begin by putting the last question first, the advantages which the United States derives from its bases agreement with Spain are mainly military, but with diplomatic overtones. These advantages are being purchased at a high price. How valuable they may prove in the long run is a matter of opinion.

Spain's Difficulties

When the Pentagon, in 1951, decided that in this country's over-all plan to establish a defensive ring of bases around Russia, the Iberian peninsula was a vital piece of territory, the decision was reached on the military level. To some observers this seemed a dubious decision. As geography, the Iberian peninsula appeared poor, bleak and difficult. Crisscrossed by mountain ranges of irregular length set at odd angles, traversed by railroads in an acute stage of disintegration and by inadequate roads, devoid of local oil sources, lacking many elements of a mechanical maintenance industry, the country showed acute physical handicaps.

Politically, economically and psychologically Spain also presented difficulties. Hardly recovered from a bitter civil war, it was ruled by a rigid dictatorship whose sympathies had been openly with the Italian fascists and the German Nazis in World War II. Isolationist by temperament and subject to waves of xenophobia, Spain was known to be medieval both in its prejudices and in its economic practices. Questions of religious intolerance and doubts about governmental good faith still further complicated the situation.

In the conferences held between Spaniards and Americans about bases it became plain that Spain would not cede rights to any part of its territory without ample compensation. The Spaniards made a great deal of the economic plight in which their country found itself, and of the aid it would need if it was to endure this unwelcome invasion of foreign military installations and personnel. Spain's economic expert, Andrés Moreno, is said to have told Washington authorities that it would cost $1 billion to put the country on its feet. The United States Congress showed little interest in this larger figure. But in 1951 it reluctantly approved a loan of $62.5 million. Meanwhile, realists in Spain were saying that reconstruction, if adequate, would cost at least twice the Moreno estimate.

What Did U.S. Get?

What the United States wanted in 1953, when the military agreements were signed, it has obtained. What it needed in terms of service adjuncts, such as road improvement and railroad rebuilding, is still being provided. Seven air bases, an oil-carrying pipeline built on a long diagonal up past the middle of Spain, and a naval supply base near Cádiz have been built and installed. These facilities are manned by American forces. At least two villages, to house their officers and staffs with their respective families, have been constructed—one near Madrid and the other near Seville. Commissaries, schools and hospital facilities have been furnished according to American standards.

Ownership of these bases and villages remains in Spanish hands. It is understood that the United States may use them for at least ten years, assuming good behavior on its part.

The building of these installations in a country where American ways seem particularly alien, and with as little friction as has been reported, is no small achievement. It is in no way diminished by the fact that the rapid pace of technological advance in rockets and guided missiles, threatening the bases with obsolescence before they were finished, caused some changes in plans and may cast doubt over the long-term value of the operation.

From the diplomatic point of view the ties with Spain have continuing advantages for the United States. These ties recognize and capitalize on Franco's well-advertised detestation of communism. They bind not only the geography but also the government of Spain into the Western defense system (although not yet into NATO); and they have put the United States in a position where it could, as circumstances dictate, fend off or encourage Franco's cherished dream of influence in the affairs of North Africa. Given hard teamwork on the part of a devoted United States Embassy staff, the diplomatic objectives also have been met.

What about other factors? What obligations did the achievement of these objectives impose on the United States? What effect did the spending of money for American defense installations have on the fragile Spanish economy? Can that economy expect in the future to stand unsupported?

U.S. Obligations

Any consideration which may have been given these problems in Washington during the planning stage is well buried in official files. However, a close survey of what has been done in the past eight years makes fairly clear at least four points of policy intentions. These appear to have been (1) to grant economic aid of such a kind and amount as to keep Franco convinced that we were more useful to him in Spain than out; (2) to prop up the national Spanish economy with economic aid to the point where operations connected with the bases became viable; (3) to keep American purchasing power out of the local economies as far as possible, so as not to flood them with American money, raid meager local supplies, raise their prices, or conflict with the Spanish wage scale; and (4) to be sure that American personnel walked softly and kept out of sight as much as possible so as not to offend Spanish customs.

In operation these four policy intentions seem to have worked out fairly well. The fourth point, social rather than economic, was handled in the early stage through a military ruling that men assigned to work in Spain must be Catholic, married and Spanish-speaking, and that military uniforms must not be worn outside of bases. Now, with some 17,000 of the American military in Spain, and a fairly high degree of turnover, there is some attrition; men can no longer be hand-picked, and non-Catholics do arrive. But the concern for Spanish custom continues.

Under the first and second points, economic aid (including defense support) to the amount of a round billion, has been granted to Spain in the eight years since the first grant. With this money in hand, Spain has visibly improved the railroads, so far as the main lines are concerned, although many locomotives still date from 1858. New railway equipment, improved trackage, and a vast network of yards and shops near Madrid —these things are visible gains. The main automobile roads also are much better than they used to be. Industries of various kinds, including construction and motor-car assemblage, have taken notable leaps forward.

The third point—to keep American purchasing out of the local economy—is accomplished in part by the establishment of American commissaries and variants of the PX, where military wives can find familiar American packaged foods at American prices. These arrangements soothe the wives, and maintain peace between Spanish suppliers and consumers. They do not, however, mean that the Spanish economy is kept free of American money or unaffected by it.

Does U.S. Aid Affect Economy?

It is perhaps for reasons of political tact that the International Cooperation Administration and the Pentagon have made a great effort to persuade visiting United States journalists that American spending was somehow carried on in a sealed vacuum, and that the Spanish economy with its far lower prices, lower wage scales and lower standards of living has not been affected by any leakage from American funds. American spokesmen make a great deal of the mystique of counterpart funds and of the economic disvalue of the imported "hardware" of military equipment.

Nevertheless, one has only to scan Spanish banking and industrial statistics between 1951 and 1959 to study the course of inflation in Spain, or even to look at the new apartment houses in Madrid and the new suburban sprawl around it to know that something has given the Spanish economy a massive shot in the arm. The most obvious "something" is a billion United States dollars in economic aid. Officials in both governments make a policy of playing this

down—Americans to prove they have not been "interfering," the Spaniards to prove that all credit for progress goes to Franco. The net result is confusion on both sides. Eventually one even begins to suspect that this confusion may not be unintentional.

Economic Changes

Evaluation of the short-term effect of American economic aid is still tentative. Meanwhile, the figures tell their tale of what happens to an underdeveloped economy (underdeveloped, that is, in terms of modern industrial nations) when foreign wealth is poured in, either in the form of military expenditures or of economic aid. Taking 1950 as a base year, the gross national product in Spain rose from an index of 100 for that year to 153 in 1957. Crude steel production rose from 815,000 metric tons to 1,338,000; pig iron, coal and cement production went up; electric power production almost doubled, although 70 percent of it still depends on hydroelectric installations and hence on Spain's undependable rainfall. In 1951 Spain had two automobile factories, and produced a total of 369 trucks. In 1957 it had twelve factories and produced a total of 30,385 trucks and other motor vehicles of various types.

But these joys of progress were not unmarred. The increase in production did not equal the increase in demand, nor did it outpace the budget deficits or the increase in spendable money. In 1951 the average annual income in Spain, measured in money of constant value based on 1929, was 11,460 pesetas per person. In 1957 it was 15,350. Prices also had risen. They stayed fairly stable until 1954 (the United States-Spanish military agreements were signed in 1953), and then they started up as inflationary forces increased. Budget deficits more than doubled from 1954 on. Two wage increases in 1956, the second of 35 percent, pushed prices higher and speeded inflation. Spain's international financial position grew worse.

American authorities take no responsibility for these difficulties, but the lay observer cannot escape a sense of cause and effect. In the first place, American attempts to ward off inflation by creating a separate economic system supposed to affect American service personnel alone worked only in part, and with much leakage. In the second place, Spain, where the gross national product is still only about $320 per person per year, proved on examination to be economically on a par not with France or Italy, but with Greece or Turkey. The theory that if certain sectors such as roads, railroads and key industries could be given a boost the whole economy would benefit, and with no penalties, developed holes in practice. Military expenditures and economic aid persisted in creating secondary effects. The humane desire to improve living standards for Spanish workers took little account of the strains that would develop when people began to eat even a little better. Spain has traditionally fed itself except in times of catastrophic weather. It has now become clear that this was possible only because the standard of feeding, for the majority of Spaniards, was so very low. If Spain must regularly import food as standards of living rise, its trade balance will suffer still further.

There is no doubt that Spain's improved economy does "limp." Its balance is precarious; its proportions as between agriculture and industry are distorted; its dependence on the continuance of outside aid is little short of frightening. If oil is discovered, if agricultural practices are modernized, if more people go to work in factories, if land holdings are made less feudal, if education is improved, if trade balances become rational, the time may come when Spain could stand on its own feet at a standard of living more in keeping with that of its near neighbors. But those are large "ifs" which are fraught with political as well as economic dynamite.

Meanwhile, Franco, understandably skeptical of the indefinite willingness of Americans to help support his administration, has chosen to take his country into the world of internation activity where money can be borrowed from more than a single source. Unfortunately for his preference for secrecy, the borrowing entails close examination of the nation's accounts. He and his ministers must now endure economic surveys by the World Bank, the International Monetary Fund, and the Organization for European Economic Cooperation, all of which Spain is joining. When the results of those surveys become matters of public knowledge, it may be possible to make predictions about Spain's economic future which will be more solid than those available today.

Meanwhile, the whole operation raises questions of obligation for the United States. It seems probable that in Spain, as in other places where we have a military stake, we will continue to extend economic aid as long as the military installations we established there are useful to us. But what then? Can we pull out at our own convenience and leave them flat? When for our own purposes, and as a move in the cold war, we extend military or economic assistance or both to a country which is clearly underdeveloped, what responsibilities does this aid entail? Supposing that aid brings about serious distortions in the country's economy—should we continue aid for a specific number of years and meanwhile furnish such

technical assistance as is needed to correct these distortions? Or can we, in good conscience, and as a matter of responsible and intelligent political behavior, continue to give such aid as suits us, taking little thought for the future of the country we are helping or for our relations with it?

These questions arise in a discussion of Spain's plight, but they go much further than this particular example. They reach to the heart of our foreign-aid program, now under new study in Washington, and they need far more public scrutiny than they have been given in the past.

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Spotlight

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Quite aside from considerations of Communist ideology, it is probable that no government in Moscow, Warsaw and Prague, however liberal, would accept without demur the new role proposed by the United States for Germany. It may be easier to understand the views of Eastern Europeans if we bear in mind the revulsion of Americans, still vivid after nearly a decade, toward Communist China following the Korean war, which took a toll of 54,246 American lives.

The task of reconciling such widely diverse views on Germany, by nations each of which believes its position is legitimate, is truly Herculean, as Secretary of State Christian A. Herter indicated in his first broadcast to the nation on May 7. Only facile optimists would assume that this task could be accomplished at one summit meeting. As Mr. Macmillan has suggested, a series of meetings, which he envisages as an accepted feature of the international scene, will be needed to create a framework of European security within which a reunited Germany could be regarded not as a threat but as a promise, and which would meet the interests of the extra-Continental nations — Britain and the United States — as well as those of the U.S.S.R., which belongs in both Europe and Asia, and of Germany's Eastern European neighbors.

Role for UN

Recognizing the scope of this undertaking, whose results are bound to affect the interests of many other nations than the Big Four and of continents other than Europe, United Nations Secretary General Dag Hammarskjold has offered the framework of the UN for the deliberations of the great powers on the German problem. In an unwontedly outspoken address before the Students Association of Copenhagen on May 2, Mr. Hammarskjold said that when a meeting is held within the UN framework — "even if this occurs in circumstances which lend it a relatively independent character — it means that the United Nations Charter as a whole emerges as the background of the deliberations. It means that the negotiating parties, without its having to be openly stated, accept as guiding them those basic rules of international coexistence of which the Charter is an expression."

The most important of these principles, he reminded his audience, are "the obligation to find a peaceful solution of emerging conflicts, the respect for the integrity and independence of each member state, the right of collective self-defense in case of armed aggression, etc." He also pointed out that the Secretary General may "accord himself the right to take a stand" in certain conflicts, and "thus express what may be called the independent judgment of the organization." He thus suggested that the German problem has another dimension — not only that of the Big Four, or of the Germans, or of Europe, but of the world as a whole.

VERA MICHELES DEAN

FOREIGN POLICY BULLETIN
345 East 46th Street, New York 17, N. Y.

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MR. PAUL MANLEY
17917 SCHENELY AVE.
CLEVELAND 19, OHIO

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